

**Iowa Power Fund Board**  
Meeting Minutes November 12, 2008  
West Des Moines Public Library  
West Des Moines, Iowa

**Call to Order:**

Fred Hubbell, Chair, called the meeting to order at 10:00 A.M. He acknowledged a quorum.

Member	Present	Absent	Member	Present	Absent
Voting Members			Ex-Officio Members		
Fred Hubbell, Chair	X		Gregory Geoffroy	Andy	
John Bilsten		X	Bill Giddings	X	
Peter Hemken	X		Kent Henning	X	
Patricia Higby	X		Senator Hubert Houser		X
Carrie LaSeur	X		Senator Roger Stewart	X	
Richard Leopold	X		Rep. Nathan Reichert		X
John Norris	Joan		Rep. Chuck Soderberg	X	
Bill Northey	X		<b>Due Diligence Committee</b>	<b>Present</b>	<b>Present</b>
Lucy Norton	X		Tom Barton	Franklin Codel	
Mike Tramontina	X		Ted Crosbie	Vern Gebhart	X
Thomas Wind, V-Chair	X		Curt Hunter	Fred Hubbell	X
			Patricia Higby	Roya Stanley	X

OEI staff in attendance: Roya Stanley, Jennifer Wright, Bob Mulqueen, Brian Crowe, Mary Lewis, Rob Grayson, Greg Watkins, Jessica Zopf, Sean Bagniewski, Sherry James

**Approval of Agenda:**

Action: Mr. Hemken moved, Mr. Leopold seconded, to approve the agenda as printed. All members present voted “aye”.

**Approval of Minutes:**

Action: Mr. Hemken moved, Mr. Leopold seconded, to approve the October 8, 2008 Power Fund Board minutes as printed. All members present voted “aye”.

**Chair’s Remarks:**

Chair Fred Hubbell reported this meeting would include many term sheets and some contracts for consideration. He acknowledged that the DED staff has assisted the OEI staff in getting the term sheets and contracts finalized. Mr. Hubbell reported that it was his goal to be current with contracts by the January meeting.

**Director’s Remarks:**

Director Roya Stanley also expressed appreciation to the DED and OEI staff for getting the term sheets and contracts completed and acknowledged the enormous undertaking the past few weeks to accomplish the task. Director Stanley reminded the board members that a lengthy amount of time

would be spent on reviewing the Energy Plan. She asked Jennifer Wright, deputy director, to introduce the new OEI staff members. Ms. Wright introduced Sean Bagniewski and Greg Watkins as program planners and reported that another individual, Jessica Zopf, would be serving as marketing and communications coordinator; all were hired in cooperation with DNR to have some temporary staff assistance with Power Fund activities.

### **Public Comments:**

Tim Coonan, Iowa Association of Electric Coops, presented to the Board. He reported he had reviewed the rough draft of the Annual Energy Plan and encouraged the board members to remember the three important items: capacity, technology and affordability. He reported that being member-owned, the consumers were very much aware of those three important factors. He also reminded the board of SF 2386, the energy efficiency assessment, which is being completed.

### **Committee Reports:**

Administrative Rules: There was no activity with the Administrative rules committee at this time. Director Stanley reported the committee needs to convene in the next few weeks to review the rules that need changed due to the legislative language regarding confidentiality, etc.

Due Diligence: Director Stanley reported that there were no pre-applications approved to go further for full applications at the October 22 DDC meeting. One full application, ISU's increasing the use of livestock distillers, was tabled for further discussion. Director Stanley reported that Mr. Northey would be joining her for further conversation regarding this application. They felt it was an interesting and important project.

Director Stanley reported the DDC would meet on December 15<sup>th</sup> for a combined meeting for the November and December meetings.

### **Term Sheets**

Director Stanley reported that DED attorneys had assisted in preparing the term sheets and they were structured after the DED term sheets. DED concentrates on job creation and economic development whereby OEI is a broader variety of institution and research projects. Mr. Tramontina reported this difference is important in pointing out the differences between the Values Fund and the Power Fund to the legislators. The Values Fund is usually much later in the process of the project and they assist in creating jobs. The Power Fund is much earlier in the stage of the project. Mr. Tramontina also pointed out that there will be projects such as POET that combine both the Values Fund and the Power Fund for their project. There was discussion regarding the board receiving quarterly reports from the projects to keep abreast of their progress.

Mr. Tramontina introduced Melanie Johnson, attorney that works with the Values Fund, Vision Iowa, DED board and now the Power Fund. He also introduced Michael Johansen, who works with the compliance board. Mr. Johansen has been working directly with OEI staff to develop the term sheets and then Ms. Johnson reviews them from the legal standpoint.

Director Stanley reported the term sheets do not come to the board for consideration until the terms have been approved by the applicant. The term sheet then in-turn helps create the final contract, which also goes before the board for final consideration. Should there be any modifications to the contract from the term sheet, these will be pointed out to the board.

**08-06-1136 – Amana Farms, Inc.**

Mr. Crowe reported the project received a positive staff review and that a substantial portion of the waste comes from a variety of sources other than livestock waste. OEI's interest is in recognizing the production of fertilizer that is more readily applicable to crops than in its raw form and there hasn't been a similar project in the past.

There was discussion regarding the educational benefits of this project and that they should be included in the project summary.

Action: Mr. Wind moved, Mr. Hemken seconded, to accept the negotiation committee's recommendation and approve an award to Amana Farms, Inc. in the amount of \$1,082,575 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted in all members present voting "aye". Motion carried.

**08-02-1007 – Iowa State University – Clean Gasification-Ethanol**

The goal of this project is to develop methods for creating more efficient gas and syngas burners and to develop technology to produce ethanol from synthesis gas. This project could create enabling mechanisms for energy and ethanol production based on biomass gasification. Mr. Crowe reported the office has received the technical review for this project with only general comments, but the review was favorable. The Term Sheet was seen as favorable by the applicant and Iowa State University requested that the Power Fund seek only net royalties as a part of future success payments return to the Power Fund. The Negotiation Committee was favorable to the net royalty change and OEI staff will work with the Regents in the future to develop similar arrangements.

There was discussion regarding an understanding between the applicant and the board that the applicant needs to keep track of the educational portion for a data base.

Action: Mr. Hemken moved, Mr. Leopold seconded, to accept the negotiation committee's recommendation and approve an award to Iowa State University in the amount of \$2,370,000 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted in all members present voting "aye". Motion carried.

**08-02-1073 – Iowa State University – Photovoltaic Solar**

Mr. Crowe reported this project is a Research and Development project that seeks to increase the conversion efficiency of thin film solar cells. The goal is to produce electric power directly from sunlight without any fossil fuel consumption. There was discussion regarding this project being very heavily reliant on public funding; however it is research that can't happen any other way. The Power Fund will receive net royalties from any income generated by patented technologies if the projects are successful.

Action: Mr. Tramontina moved, Mr. Hemken seconded, to accept the negotiation committee's recommendation and approve an award to Iowa State University in the amount of \$1,690,024 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted in all members present voting "aye". Motion carried.

**08-02-1040 – RENEW Energy Systems, LLC**

Mr. Crowe reported this project centers on the purchase of technology to convert biomass from existing biomass sites into solid densified fuel for industrial and commercial heat and power

generation. The office has received a business and market review with specific recommendations that have been incorporated into the award terms. Mr. Tramontina reported DED has some funding in this project as well. He reported it is a small business in a small town and opens the economical opportunity of reduces the need to transport the briquettes. He also reported the funding is contingent upon getting their funding back. There was discussion regarding the project not being a long term solution and the air quality concerns with the burning. This project would be a site-by-site consideration for permits for environmental analysis depending on the size.

Action: Mr. Tramontina moved, Ms. Conrad seconded, to accept the negotiation committee's recommendation and approve an award to RENEW Energy Systems, LLC in the amount of \$250,000 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted in all members present voting "aye". Motion carried.

#### **08-04-1124 – TPI Iowa, LLC**

Mr. Tramontina reported the goal of this project is to foster the mass production of wind turbines in Iowa. This project would improve labor productivity in wind manufacturing by 35% and increase manufacturing throughput by 35% through an Advanced Manufacturing Innovation Initiative. He reported the original contract was for 500 jobs of which almost 200 of them have been placed during their six months of operation. The additional 300 jobs that were recently announced for this expansion has been placed on hold until they get completely operational. Mr. Giddings reported that there are currently five Community Colleges that are working with wind energy production as well as wind energy distribution courses. Mr. Tramontina reported the wind innovation in the State opens many international opportunities for Iowa.

Action: Ms. Norton moved, Mr. Tramontina seconded, to accept the negotiation committee's recommendation and approve an award to TPI Iowa, LLC in the amount of \$2,100,000 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted in all members present voting "aye". Motion carried.

#### **08-02-1053 – University of Northern Iowa**

Mr. Crowe reported this research and development project seeks to develop a cheaper solar cell and to incorporate it into a commercially feasible consumer device. Ms. Higby reported from an educational standpoint this allows Iowa's teachers to go back to their schools more excited about teaching their students. She encouraged the office to include the education component in the summary. Mr. Crowe reported the technical review reported this is a "high risk/high return" project. The Board encouraged the applicant to not wait and only do the research during the summer.

Action: Ms. Higby moved, Mr. Hemken seconded, to accept the negotiation committee's recommendation and approve an award to University of Northern Iowa in the amount of \$78,681 on the terms and conditions described in the Term Sheet as presented. A roll call vote resulted in all members present voting "aye". Motion carried

**ACTION: 08-02-1053** – Ms. Higby moved to rescind her motion for this project and moved, Mr. Hemken seconded, to accept the negotiation committee's recommendation with the following modifications to the Term Sheet presented: UNI shall share 50% of all net royalties. A roll call vote resulted in all members present voting "aye". Motion carried.

**08-03-1098 – University of Northern Iowa**

Mr. Crowe reported this project involves the development of a high density storage material for use in hydrogen fuels cells. The terms of the award had originally been developed to include gross royalties of all income generated by patented technologies if the project is successful. But after an agreement was made with Iowa State University for net royalties, Mr. Crowe asked that the Board modify the term sheet to include the net royalties in this project's term sheet.

Action: Mr. Hemken moved, Mr. Northey seconded, to accept the negotiation committee's recommendation with the following modifications to the Term Sheet presented: UNI shall share 50% of all net royalties. A roll call vote resulted in all members present voting "aye". Motion carried.

Chairman Hubbell reviewed the other full applications that had been moved to go into negotiations. He reminded the board members that AmeriCorps was approved to go straight to contract with no negotiations. Two other term sheets are almost finalized: Stored Energy Park and Vertical Wind Turbines. These are expected to be presented at the December board meeting.

**Contracts:**

**08-02-1006 – Cellencor, Inc.**

Cellencor, Inc. is a privately held company based at the Iowa State University Research Park in Ames. The company specializes in providing advanced technologies to the biofuels industry. The funding for this project will finance the equipment and installation of a drying system that reduces energy use, carbon output, and increases animal feed value of grain co-products through microwave energy. Cellencor will track energy savings and reduced emission from using this process instead of coal or gas powered dryers.

Action: Ms. Norton moved, Mr. Tramontina seconded, to accept the negotiations committee's recommendation and approve an award to Cellencor, Inc in the amount of \$1,500,000 on the terms and conditions described in the Contract as presented. A roll call vote resulted in all members present voting "aye". Motion carried.

**08-02-1045 –POET**

Mr. Hubbell reported the POET contract has a lot of legal requirements and expectations and it was not possible to present the contract to the POET representatives until the end of last week. Due to the short time frame to turn the comments around, POET requested their contract be considered at the December board meeting. It is possible there will be some minor language changes after their attorneys review the contract, but these are not expected to be substantial.

**08-04-1123 – Renewable Energy Group, Inc.**

Renewable Energy Group, Inc. is a corporation based in Ames that offers services in the planning, construction and administration of commercial-scale biodiesel plants. Additionally, the company provides resources and expertise to produce and market high quality biodiesel through a nationwide network of production facilities and infrastructure. The company has requested a grant of \$740,000 to finance the laboratory personnel on the project. The company has agreed to provide the project with an additional \$1,374,000 investment.

Michael Johanson reported there were some issues with some amendments for this contract one of which was the start date of the project. There was discussion regarding tabling the contract; however

Mr. Johanson felt the applicant wasn't in favor of delaying the decision. Mr. Hubbell directed Mr. Johanson to visit with the applicant during a break and report back.

Mr. Johanson reported back to the Board that he had discussed the Board's preferences with the applicant, and the applicant has agreed to the Board's conditions.

Action: Mr. Northey moved, Ms. Norton seconded, to accept the negotiation committee's recommendation with the following modifications to the contract presented: 1.) REG's match is reduced to \$439,000; 2.) \$395,000 would be disbursed immediately with balance distributed quarterly; 3.) July 2008 would be the start date for accounting purposes; and 4.) reduce the total budget project to \$1,179M. A roll call vote resulted in all members present voting "aye". Motion carried.

#### **08-08-1144 – AmeriCorps/GreenCorps**

If this contract is approved, AmeriCorps pledges to conduct at least fifty energy conservation and efficiency education programs per year in addition to implement or advise property owners on energy efficiency and weatherization improvement for approximately 350 homes and businesses each year. They will also recruit at least 1,000 volunteer labor hours per year in flood affected communities.

Action: Mr. Hemken moved, Mr. Northey seconded, to accept the negotiation committee's recommendation with the following modifications to the contract presented: 1.) reduce match to \$450,000. A roll call vote resulted as follows: "aye" - Fred Hubbell, Peter Hemken, Carrie LaSeur, Bill Northey, Lucy Norton, Mike Tramontina, Tom Wind, "recuse" – Pat Higby, Joan Conrad and Rich Leopold. Motion carried.

#### **Project Summary**

Mr. Hubbell reviewed the project summary list of those projects that are committed or have gone through negotiations and what is left to invest. It appears at this time that there will be \$35.1 Million remaining in January. He reviewed the original appropriation and the distribution of \$5 million to the community colleges, \$7.5 million to the Jumpstart program, and \$2 million for administrative/planning/tech review.

There was discussion regarding putting language on the website of what projects the power fund board would like to see submitted.

Planning Committee: Tom Wind introduced staff from State Public Policy Group (SPPG) that has been assisting the office in writing the Energy Plan with input from the Navigant's gathering of the information.

The three categories for the study of the Plan are: energy efficiency; renewable energy and biofuels with many more topics falling within these three categories.

The Board reviewed the details of the Plan. There was a discussion on Smart Growth as to what it includes and how legislation could assist.

Ms. LaSeur presented the following language: "electric and natural gas resource needs shall first be met through all available energy efficiency and demand reduction resources that are cost effective or less expensive than supply." Mr. Hubbell requested a roll call vote for approval of this language which resulted as follows: Tramontina, no; Leopold, yes; Northey, no; Norton, no; Hemken, yes; Wind, yes; Conrad, abstained; LaSeur, yes; Higby, yes; Hubbell, yes. Results; 6 yes; 3 no; 1 abstained.

Mr. Hemken reported he would like to recommend for policy that the legislators offer incentives versus mandates as this is usually much more acceptable and less expensive.

Director Stanley reported she would like to present that Iowa be the first state to achieve the goal of 20% energy from wind.

After further discussion of the Plan, Director Stanley reported the staff would continue working with SPPG and a summary of the recommendations and changes would be sent to the board for their input by the 1<sup>st</sup> week of December. This will allow time for response and any suggested changes to be made before the final approval at the December 10<sup>th</sup> board meeting. She reminded the board members that the Energy Plan is due to the Governor's Office by December 14<sup>th</sup>.

**Application Committee:** There was nothing to report.

**Energy Efficiency/Energy Education Taskforce:** Ms. Higby distributed "Improving Energy Education and Efficiency in Iowa", a report from the Energy Education and Efficiency Ad-Hoc Committee. Committee members were Pat Higby, John Bilsten, Bill Northey and John Norris. Ms. Higby reported that before making recommendations for future energy education programs, it is important to understand what is currently available. She reviewed a summary from the Iowa Conservation Education Coalition that brought individuals together from numerous organizations that educate Iowans about the environment. She reviewed the respondents to the SurveyMonkey request and the stakeholder groups they represent. She reported the Ad Hoc committee has completed their assignment.

**Public Comments:**

There was no public comment.

**Other Business:**

No other business.

**Adjournment:**

There being no further business to discuss at this time, Ms. Norton moved, Mr. Northey seconded, the meeting be adjourned at 5:00 P.M. All members present voted "aye". The next Power Fund Board meeting will be held on Wednesday, December 10 at 10:00 AM, at the West Des Moines Public Library.

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Fred Hubbell, Board Chair

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Sherry James, Recording Secretary